

Message Text

SECRET

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 013384

R 181945Z MAR 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 4250

S E C R E T SECTION 1 OF 2 KINGSTON 0960

STADIS; EXDIS; PASS OPIC////////////////////////////////////

E.O. 11652: GDS

TAGS: EFIN EMIN US JA

SUBJ: BAUXITE SITREP 14: EYEBALL TO EYEBALL

REF: KINGSTON 0940

1. INDUSTRY SPENT MOST OF SATURDAY DEVELOPING JOINT POSITION PAPER TO RESPOND TO THE GOVTS POSITION PAPER RECEIVED THE PREVIOUS EVENING (REFTEL). SIMULTANEOUSLY, INDUSTRY REQUESTED A JOINT MEETING WITH GOVT NEGOTIATORS FOR MONDAY MAR 18 TO PRESENT POSITION PAPER. THEY WERE INFORMED LATE SATURDAY AFTERNOON THAT PM MANLEY HAD INSTRUCTED THAT THIS REQUEST BE DENIED AND THAT THE GOVT WAS PREPARED TO GO DIRECTLY INTO DETAILED NEGOTIATION WITH ALCOA ON MONDAY. THIS NEWS INCREASED CONSTERNATION IN INDUSTRY RANKS BUT THEY DECIDED TO SEND THE POSITION PAPERS TO PATRICK ROUSSEAU, CHAIRMAN OF THE BAUXITE COMMISSION, WITH COPIES TO PM AND, IN EFFECT, REPEAT THEIR REQUEST FOR A JOINT MEETING TO DISCUSS THE PAPER. THIS WAS DONE ON SUNDAY MORNING.

2. EARLY SUNDAY MORNING CHARGE RECEIVED A PHONE CALL AT RESIDENCE FROM MEYER MATALON AND A CONVERSATION LASTING NEARLY AN HOURS FOLLOWED. MATALON WAS CLEARLY PROBING FOR INFORMATION ON INDUSTRY REACTIONS TO THE GOVT'S POSITION PAPER AND THE PROSPECTS FOR NEGOTIATIONS. CHARGE OUTLINED THE NATURE OF INDUSTRY CONCERNS WITH THE GOVT'S PAPER AS ACCURATLY AS HE COULD EMPHASIZING THE PREEMPTORY TONE OF THE PAPER AND ITS APPEARANCE AS A LIST OF NON-NEGOTIABLE DEMANDS RATHER THAN SERIOUS NEGOTIATIONG PROPOSALS. CHARGE ALSO INDICATED THAT, BY REFUSING TO MEET WITH INDUSTRY

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AS A GROUP AS REQUESTED, THE GOVT RISKED THE APPEARANCE OF SEEKING

A CONFRONTATION AND ALSO MADE IT APPEAR THAT THEY WERE AFRAID TO DEAL WITH INDUSTRY AS A GROUP. MATALON RESPONDED THAT IT WAS HARD TO UNDERSTAND THE INDUSTRY'S VIEWPOINT SINCE IT HAD DECLINED THE GOVT'S FEELERS FOR COLLECTIVE NGOTIATIONS FOR MONTHS ON GROUNDS OF ANTI-TRUST, AND THAT HE WAS NOT AT ALL SURE A COLLECTIVE MEETING WOULD BE POSSIBLE. HOWEVER, HE ADDED THAT NO FINAL DECISION WOULD BE MADE UNTIL THE NEGOTIATING TEAM HAD A CHANCE TO STUDY THE INDUSTRY PAPER. ALTHOUGH MATALON SPOKE WITH CONSIDERABLE BLUSTER CHARGE HAD THE IMPRESSION THAT HE AND GOVT NEGOTIATORS WERE CONCERNED OVER THE SHARP REACTION OF INDUSTRY TO THEIR PAPER AND FEARED THEY MIGHT HAVE GONE TOO FAR. FOR EXAMPLE, SEVERAL TIMES DURING THE CONVERSATION MATALON EMPHASIZED THAT, WHATEVER LANGUAGE HAD BEEN USED, ALL OF THE POINTS RAISED IN THE PAPER WERE IN FACT NEGOTIABLE. CHARGE REPORTED THE ESSENCE OF THIS CONVERSATION TO CECIL HUNT, OPIC COUNSEL.

3. LATE SUNDAY AFTENNOON CHARGE RECIEVED A CALL FROM LLOYD CUTLER AND CHAPMAN ROSE, COUNSEL FOR KAISER AND COUNSEL RETAINED BY THE ENTIRE INDUSTRY ON ANTI-TRUST MATTERS, RESPECTIVELY. THEY DELIVERED COPIES OF THE INDUSTRY'S POSITION PAPER TOGETHER WITH LETTER TO ROUSSEAU AND PM MANLEY. POSITION PAPER WAS DISCUSSED AND CHARGE POINTED OUT THAT PARA 4 MIGHT CAUSE SERIOUS PROBLEMS THE WAY IT WAS DRAFTED, BUT THAT THE REMAINDER OF THE PAPER ADMIRABLY SERVED THE PURPOSE OF A STRONG BUT MEASURED RESPONSE TO THE GOVT'S POSITION. AT THAT TIME NEITHER ROSE NOR CUTLER KNEW WHETHER A COLLECTIVE MEETING WAS TO OCCUR, OR WHETHER THE GOVT WOULD INSIST ON GOING DIRECTLY TO NEGOTIATIONS WITH ALCOA AS STATED THE PREVIOUS EVENING. THEY INDICATED THAT, IN THIS EVENT, THE ALCOA NEGOTIATORS WOULD OF NECESSITY BECOME IN EFFECT SPOKESMEN FOR THE INDUSTRY. THEY SAID THAT IN THIS EVENT ROSE WOULD SIT IN ON THE MEETING IF THE GOVT DID NOT OBJECT.

4. EMBASSY LATER LEARNED THAT A GENERAL MEETING BETWEEN THE JAMAICAN NEGOTIATORS AND ONE REPRESENTATIVE FROM EACH OF THE BAUXITE FIRMS PLUS ROSE DID IN FACT TAKE PLACE SUNDAY NIGHT. WE HAVE NO REPORTS ON THIS MEETING FROM INDUSTRY SOURCES AS YET. OUR INFORMATION HAS BEEN OBTAINED FROM MEYER MATALON WHO CALLED CHARGE ONCE AGAIN EARLY MONDAY MORNING FOR ANOTHER LENGTHY TALK. A SECOND GENERAL MEETING WAS SCHEDULED FOR 11:30 MONDAY MORNING AS A CONTINUATION OF THE PREVIOUS NIGHT'S SESSION.

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5. IN HIS MONDAY MORNING PHONE CALL MATALON SAID THAT THE GOVT WAS CONCERNED AND DISMAYED BY THE TONE AND CONTENT OF THE INDUSTRY PAPER. HE MENTIONED SPECIFICALLY PARAS 4 AND 9 AND SAID THAT THE IMPLICATION THAT THE INDUSTRY MIGHT REFUSE TO NEGOTIATE WAS SIMPLY UNACCEPTABLE. HOWEVER HE REPORTED THAT DESPITE ITS DISMAY THE GOVT HAD DECIDED TO GRANT THE MEETING REQUESTED BY INDUSTRY AND IT HAD BEEN HELD SUNDAY EVENING. MATALON ALSO REPORTED IN CONSID-

ERABLE DETAIL ON THE CONTENT OF THE MEETING WHICH, AFTER INITIAL
HARD WORDS AND HARDER STARES, APPARENTLY DRIFTED INTO ACTUAL
DISCUSSIONS INCREASINGLY FOCUSSED ON THE REVENUE ISSUE. MEETING

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 182000Z MAR 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 4251

S E C R E T SECTION 2 OF 2 KINGSTON 0960/2

STADIS/EXDIS////////////////////////////////////

FINALLY BROKE UP BECAUSE COMPANIES DECIDED THEY COULD NOT DISCUSS
THE ACTUAL REVENUES, ETC, IN A COLLECTIVE SESSION UNLESS THEY
HAD THE OPPORTUNITY TO CONSULT WITH ONE ANOTHER, WITH COUNSEL AND
WITH THEIR PRINCIPALS. JAMAICAN NEGOTIATORS GRANTED THEM THE
OPPORTUNITY TO DO SO AND SCHEDULED THE SECOND GENERAL MEETING
FOR LATE MONDAY MORNING.

6. IN THE COURSE OF THE CONVERSATION WITH CHARGE MATALON COMPLAINED
BITTERLY ABOUT A CLANGER DROPPED BY CUTLER DURING SUNDAY EVENING
MEETING. IN SUPPORTING POINT THAT THERE WAS A LACK OF PARRALL-
ELISM BETWEEN THE GOVT'S POSITION AND THE INDUSTRY'S PREVIOUS
UNDERSTANDING OF THE APPROACH THE GOVT WAS LIKELY TO UNDERTAKE
CUTLER APPARENTLY REFERRED TO THE LENGTHY SERIES OF CONVERSATIONS
AND MEETINGS BETWEEN CHARGE AND MATALON OVER THE PAST SIX MONTHS AS
REPORTED TO DEPT , MATALON WAS FURIOUS OVER THIS SINCE HE CLAIMS
THAT ONLY HIMSELF AND PM MANLEY ON THE JAMAICAN SIDE WERE
AWARE OF THESE MEETINGS AND CONVERSATIONS, AND HE SPECIFICALLY
SAID THAT HIS COLLEAGUES IN THE BAUXITE NEGOTIATING TEAM HAD NOT
BEEN AWARE OF THEM (WE ARE DOUBTFUL THAT FACT OF THESE MEETINGS
HAS BEEN HELD QUITE THAT CLOSELY ON THE JAMAICAN SIDE, BUT IT
MAY BE TRUE THAT SOME OF THE OTHER JAMAICAN NEGOTIATORS WERE
UNAWARE OF THEM AND CUTLER'S DISCLOSURE WAS UNDOUBTEDLY EMBAR-
RASSING FOR MATALON). MATALON SAID HE ASSUMED CHARGE HAD REPORTED
SUBSTANCE OF HIS CONVERSATIONS TO HIS PRINCIPALS AND THAT THE IND-
USTRY MIGHT HAVE LEARNED OF THEM QUITE NATURALLY, BUT THAT

THEY SHOULD KNOW WHEN TO KEEP THEIR MOUTH SHUT. CUTLER'S MINOR
INDISCRETION ASIDE, WE GATHER THAT HE PLAYED AN EXTREMELY
CONSTRUCTIVE ROLE IN THE SUNDAY EVENING MEETING EMERGING AS A SORT
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OF SPOKESMAN FOR THE INDUSTRY AND ALSO MEDIATING BETWEEN INDUSTRY
REPRESENTATIVES WHEN THEY WERE NOT IN ACCORD ON A GIVEN POINT.
ALTHOUGH ANGRY WITH HIM OVER HIS CLANGER, MATALON SPOKE IN THE
HIGHEST TERMS OF HIS CALM, STATESMANLIKE, AND MEASURED APPROACH
TO THE PROBLEMS.

7. COMMENT: ALTHOUGH THE SUNDAY NIGHT MEETING CONSTITUTED AN
UNEXPECTED AND SHAKY START FOR THESE SIGNIFICANT NEGOTIATIONS IT
WAS A WELCOME IMPROVEMENT OVER THE SORT OF NON-NEGOTIATION THAT
HAD PREVAILED BEFORE THEN IN WHICH BOTH SIDES WERE DOING EVERY-
THING EXCEPT TALKING TO EACH OTHER; WE BELIEVE THE FIRST MAJOR
HURDLE HAS BEEN CLEARED. THE NEXT HURDLE IS AGREEMENT ON WHETHER
THE TALKS WILL BE COLLECTIVE, SERIAL, OR HALF AND HALF WITH SOME
POINTS BEING ADDRESSED COLLECTIVELY AND OTHERS INDIVIDUALLY.
WE BELIEVE THAT THE THIRD ALTERNATIVE IS THE MOST LIKELY SOLUTION
BUT SORTING IT OUT WILL BE A COMPLEX BUSINESS. UNTIL LAST NIGHT'S
MEETING A MAJOR CONFRONTATION BETWEEN THE GOVT AND INDUSTRY
WAS A SERIOUS POSSIBILITY, AND THE RISK OF CONFRONTATION REMAINS
IF THERE IS A BREAKDOWN IN TALKS OVER FORMAT AND PROCEDURE. THUS
FAR, HOWEVER, BOTH PARTIES SEEM ANXIOUS TO KEEP TALKING ONCE
THEY HAVE BEGUN AND THERE IS ANYTHING WORTH TALKING ABOUT.
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